

Providing "casino parties" for a client for a fixed dollar amount where the people engaging in the casino games are not charged a fee, are provided with free chips to play with, and bid on prizes using chips won is not subject to the Charitable Games Act or any other gaming Act administered by the Department. The application of the Raffles Act and the gambling provisions of the Criminal Code are not under the jurisdiction of the Department. (This is a GIL.)

April 13, 2004

Dear Xxxxx:

This letter is in response to your letter dated July 7, 2003 in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Hello. I hope today finds you well.

My company is located near CITY/STATE and I am pleased to say that we are entertaining around 200 groups a year with our really fun and fancy casino parties for about 4 years now.

It is common, however, to find that people misunderstand what our product is. After all, who would want to play casino games without betting? The answer is surprising: Lots of people, especially guests at parties where they are not risking any money. Almost every party, I overhear something like 'I always wanted to play this game but I don't want to lose any money.' So they get to play and have fun and not risk anything of value. This is why I write today, to clarify what we do and to insure my proper understanding that any casino parties that I throw in your state have nothing to do with your agency and regulations. People look to me to be the expert on such issues and I want to make sure I am clear and truthful when I address their questions.

I have looked up your regulations concerning charity gaming and am convinced that they have no application to my product, entertainment at parties and casino party equipment. I have no interest in getting licensed, running charity games, being a supplier to anyone running real-money games, or having anything to do with any real wagering or gambling. Unregulated gambling is illegal in this country and we just simply don't do it or ever rent equipment to be used as such, no way.

And now, let me explain what our typical casino party would be like:

An individual or company, say...XYZ, calls me up and says, 'Hey, we would like to have a party after dinner on May 19th, and we were considering a casino event. I've heard they are fun.'

I agree and quote them a total package price for the event, usually in the neighborhood of 20 to 30 dollars per guest depending on when and where, etc. It is always a flat fee for services and is not dependent on financial results of the party or anything like that. They agree, send me a check, and we throw a party.

The guests pay NOTHING for admission. The Host individual or company is NOT a not-for-profit (doesn't this simple fact right here put me out of your department?). The guests arrive at the party and get some free chips to play with in the casino area. Everyone starts off with the same amount and at the conclusion of the casino program (usually 2 or 3 hours) the chips get traded in for raffle tickets (once again, no real money is involved... we don't want to have to get a raffle license, either!) or other VALUELESS voucher of some sort or another and we draw out of a hat to give away some prizes. These prizes are typically of low value (DVDs, George Foreman grills, that sort of stuff), often are promotional items, and are bought by the company (Host) that hired me. If there are tax issues that involve value of prizes, that is up to the guest or company to report it just as any compensation would be. I don't get involved in buying or selling anything but the service involved in throwing a party.

A typical entertainment budget for something like this might be \$2000 - \$10000 and that includes hiring my company, buying prizes for a giveaway, and other important entertainment items like DJ's, decorations, tablecloths, etc. Food and beverage budgets associated with these are something else and are usually 2 to 10 times the entertainment budget. Anyway, I never get involved in that Food and Beverage stuff. I just want to throw a casino party, show some folks a good time, earn a fair living, and avoid doing anything that requires regulation, approval, or licensing.

There is never any wagering, risk, gambling, cash money on the games. No way. We just throw parties that are fun for people who like games. Nobody loses any money, the party guests get to get involved in a fantasy casino, maybe win some little prizes at their holiday party, and everyone leaves smiling. It's all in good fun and aboveboard. That's what we do.

We are a professional entertainment company incorporated in 1999 and are members of the ABC1, ABC2 AND ABC3.

STATE has some similar regulations to Illinois involving charity gaming and I am glad. Nobody wants sham charities operating dishonestly within the law. We just want to throw a party and have some fun, and with 2 young children, a small business to run, and my campaign to be a city-councilman here in CITY, I have no room in my life or

business to take any chances being involved in any gambling, even filling out brackets for the Final Four basketball tournaments or Super Bowl pools.

I called up your office this morning and was pleased to have a pleasant conversation with...whoops, didn't write it down. Anyway, the gentleman seemed to confirm my understanding of your regulations, the main one being that if an event is not charitable gaming or bingo that it doesn't fall under your regulations.

So, although it seems superfluous, could I please have a letter stating that I am allowed to throw a party in your state as long as I comply with your laws and regulations? I am willing to come to your meeting, provide references including the Attorney in charge of compliance at the STATE Dept. of Revenue, or anything else I can do to be transparent and forthcoming. Hey, how about I throw an office party for your office? Then you can see for yourself why gambling and charitable gaming is NOT our business, fun and fantasy is.

I appreciate your time and consideration. I have enclosed a printed out page of our website with some of our party equipment on it. I hope that between the website and myself that you have all the information you need.

I am available to you at any time.

Department's Response:

The Department's jurisdiction in the area of gaming extends to enforcement of the Charitable Games Act (230 ILCS 30/1 et seq.), the Illinois Pull Tabs and Jar Games Act (230 ILCS 20/1 et seq.), the Bingo License and Tax Act (230 ILCS 25/1 et seq.), the Riverboat Gambling Act (230 ILCS 10/1 et seq.), and the Illinois Lottery Law (20 ILCS 1605/1 et seq.). The activities you discuss in your letter do not fall within the jurisdiction of the Department under any of these Acts. Raffles are governed by the provisions of the Raffles Act (230 ILCS 15/1 et seq.). The Raffles Act is administered by counties and municipalities. The Department is without authority to enforce or issue binding interpretations of this Act. You may want to contact the State's Attorney's Office of the county where you intend to provide a casino party regarding any application of the Raffles Act in that location as well as any application of the gambling provisions contained in the Criminal Code.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Sincerely,

Samuel J. Moore
Associate Counsel

SJM:msk